GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:209
ANSWERED ON:07.08.2006
SUGAR MILLS
Singh Dr. Ram Lakhan;Singh Shri Chandrabhan Bhaiya

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the sugar mills operating in the country are making profits;

(b) if not, the reasons attributed thereto;

(c) the number of sugar mills closed-down during the last two years, State-wise, alongwith the reasons therefor;

(d) whether any action plan/package has been formulated for revival of the said mills; and

(e) if so, the assistance provided/proposed to be provided under the said package alongwith the success achieved therein State-wise?

Answer

MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a), (b), (c), (d) & (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO. 209 DUE FOR ANSWER ON 07.08.2006 IN THE LOK SABHA.

(a) & (b): As per information received from the Indian Sugar Mills Association (ISMA), an apex organization of the private sugar mills, most of the private sugar factories were in profit in the last two years. National Federation of Cooperative Sugar Factories Ltd., an apex organization of cooperative sugar sector, has informed that out of 187 reporting cooperative sugar mills, 82 of them have made profits in 2004-05 sugar year. The reasons for losses are specific to individual factories depending on a number of factors.

(c): The number of sugar mills, state-wise, which did not work during the last two sugar seasons, namely, 2003-2004 and 2004-2005 is annexed. The main reasons for closure of these sugar mills include the payment of high price for sugarcane relative to sugar prices, inadequate availability of sugarcane, uneconomic size of the mills, outdated plant and machinery, technical and managerial incompetence etc.

(d) & (e): There is provision for rehabilitation of potentially viable sick sugar mills with negative net worth under the Sugar Development Fund Rules. Loans at a concessional rate of interest are provided for modernization/rehabilitation and sugarcane development to such mills. Further, a package has been announced in September, 2005 for cooperative sugar mills having outstanding term loans as on 31.3.2005 and which are commercially viable and have adequate operational surplus to repay the said term loans. The term loans of such mills was to be restructured/rescheduled and rate of interest reduced to 10% per annum with effect from 1.4.2005. The Government of India will provide subvention on the restructured loan, estimated to come to Rs.560 crores. Term loans of all the sugar mills that have applied under the scheme and fulfill the laid down criteria have been rescheduled/restructured. It is too early to evaluate the outcome.

ANNEXURE

STATEMENT REFERRED TO IN REPLY TO PART (c) OF THE STARRED QUESTION NO. 209 DUE FOR ANSWER ON 07.08.2006 IN THE LOK SABHA.

State wise number of sugar mills which did not work during 2003-04 and 2004-05, sugar seasons.

STATE	2003-2004 (P)	2004-2005 (P)
Punjab	1	3
Rajasthan	2	2
Uttar Pradesh	19	17
Madhya Pradesh	5	5

Gujrat	7	5
Maharashtra	45	82
Bihar	18	19
Assam	3	3
Andhra Pradesh	14	8
Karnataka	13	12
Tamilnadu	4	4
Orissa	4	2
West Bengal	1	1
Nagaland	1	1
Kerala	2	2
Pondicherry	1	1
Haryana	-	2
Total	140	169